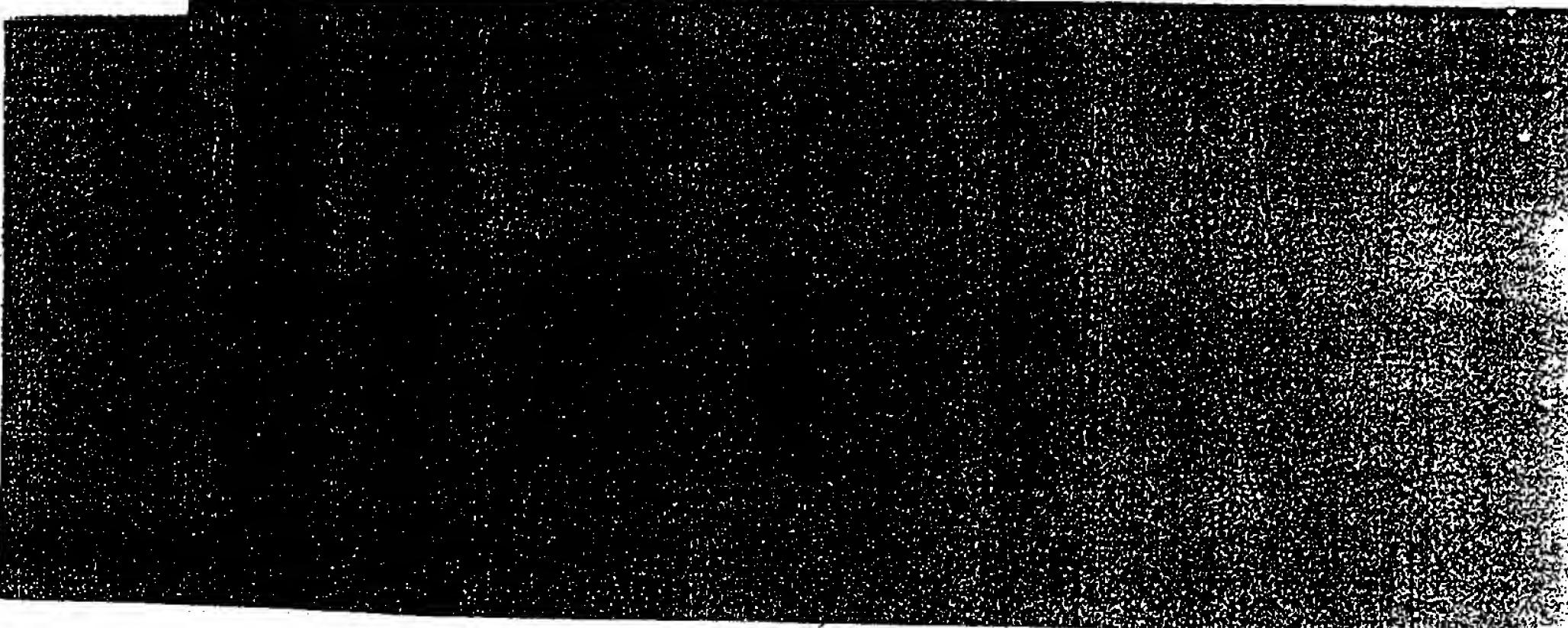


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10 December 1959

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CUBA UNDER FIDEL CASTRO

Prime Minister Fidel Castro's frequently stated objective is the rapid imposition of drastic social and economic reforms so as to improve the lot of Cuba's

state controls over the economy. In attempting to build an authoritarian political machine based on mass support, Castro is turning more and more to Communist-oriented advisers, and Communists are benefiting from the demagogic tirades against the rich and against the United States that Castro uses to mobilize his mass following.

The Communists

The Popular Socialist (Communist) party (PSP) of Cuba, which has some 17,000 members including its youth section, has made steady gains since Castro came to power last January. The party has benefited directly from the actions of such highly placed sympathizers as armed forces chief Raul Castro, economic and foreign policy adviser "Che" Guevara, and agrarian reform chief Antonio Nunez Jimenez, all of whom have been instrumental in securing important government positions for known Communists.



FIDEL CASTRO

lowest income groups and, by a more efficient organization of production, to produce more wealth and a greater degree of economic self-sufficiency. He uses these objectives to justify the establishment of tight

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The armed forces and the agrarian reform machinery have been penetrated by Communists whose potential for infiltrating the economic organizations of the state was greatly enhanced by the appointment on 26 November of "Che" Guevara to head the National Bank. Osman Cienfuegos, named minister of public works the same day, is the first probable Communist to secure a post in the cabinet. Reliable sources reported recently that a top PSP official was being considered as minister of finance.

In contrast to Communist policy in Guatemala during the Arbenz regime, when an attempt was made rapidly to build a mass party, the PSP in Cuba appears to be concentrating on quality rather than quantity. The slow recruitment and emphasis on indoctrination suggest considerable care in the selection of new members, particularly in view of the extremely favorable conditions existing for the party's growth.

Cuban Communists appear to realize that the freedom they now enjoy is still dependent on the toleration of Fidel Castro and that overstepping the

Castro has publicly declared that he will never permit the revolution to be stolen from him or from his 26 of July Movement. What the Communists evidently hope to achieve in the



GUEVARA

near future is acceptance into the government with control over economic sources of power and such potent groups as the armed forces and organized labor. Their pose as the stanchest defenders of the revolution tends to further these objectives.

Formal seizure of power is probably not an immediate Communist objective. It is already evident that the present regime, partially because it is nominally non-Communist, may be serving world Communist objectives as effectively as would an outright Communist government--through its bitter anti-US propaganda throughout Latin America, its disruption of private US investments, and the implicit threat to US security interests in the Caribbean area.

On the other hand, a growing number of observers, including former Costa Rican President Jose Figueres, maintain that the real Communist objective in Cuba is to create a situation that would force the United States to intervene militarily. Such a "Hungary in reverse" would be a potent propaganda weapon for Moscow.

Political Factors

Although Castro is fast losing the support of the middle



RAUL CASTRO

bounds would cause Castro to react against them. Only in organized labor have the Communists gone to the extent of antagonizing pro-Castro elements in an open fight to extend their influence.

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class, which is larger and more influential in Cuba than in most Latin American countries, several important factors remain strongly in his favor. The bulk of the Cuban people, especially those in the lowest economic strata, continue their strong emotional attachment to him. The core of military and administrative officials is also dedicated to him. His virtual monopoly of plans for social and economic reform, which the majority of Cubans regard as desirable and necessary, also enhances his position. The opposition, divided and lacking effective leadership, offers the public little in the way of a desirable alternative to Castro.

The course of the regime in the near future is likely to be further to the left and increasingly authoritarian. Castro has firmly stated that there will be no national elections until the objectives of the revolution are realized--at best many years from now.

He considers the political processes associated with elections as serving merely to confuse and divide the people --a view that has not led to strong opposition to him, since most Cubans, from years of experience with corrupt politicians, take a cynical view of elections. The gigantic mass rallies organized periodically to endorse Castro's policies enable him to claim overwhelming popular support. Meanwhile, he is resorting to many of the same tactics he violently attacked during his war on the Batista dictatorship.

Economic Factors

The effects of the drastic and hastily implemented reforms could eventually be so disruptive as to bring economic collapse. Such a collapse is not believed imminent, however. The expanded economic functions being assumed by the state will partially compensate for the drying up of foreign and do-

mestic private investment. The state, by such measures as a unified tax program, public bond issues, and the "patriotic contributions" from organized labor and other groups, has more thoroughly mobilized the sources of domestic revenue than had its predecessors. If necessary, it is likely to resort to more drastic measures, even to the forced transfer of private savings to government bonds.

Agrarian reform has progressed rapidly and is revolutionizing rural Cuba. The reform law passed in May has been stringently and often arbitrarily interpreted, particularly against extensive cattle holdings. Apparently these have been taken over without formal expropriation or compensation, and much of the land has already been turned into cooperatives under control of the National Agrarian Reform Institute (INRA), rather than distributed--as promised--among the peasants who work it.

INRA Director Nunez said on 4 December that 485 produc-



NUNEZ

tion cooperatives and 440 consumer cooperatives, probably "peoples' stores," were operating. The effects on food production have not as yet caused severe shortages or, at least in rural areas, substantial price increases, since the "peoples' stores" are restricted to a 10-percent profit. Food

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prices are rising, however. The government has levied a three-cent-per-pound tax on rice and one-cent-per-pound tax on potatoes to help purchase agricultural machinery. Controls on imports have reduced supplies of foodstuffs and other goods.

Sugar, which constitutes about 80 percent of Cuban exports, will be affected by INRA's land expropriations after next spring's harvest. The immediate effect is unlikely to reduce production substantially. There are persistent rumors that Cuba may abandon the International Sugar Agreement and seek to increase its exports above its assigned quota. If all restrictions were lifted, Cuba could probably double its sugar production. Some Cubans maintain that by concentrating on volume of sales, Cuba could afford to consider price a secondary factor. Others believe it doubtful whether Cuba could find sufficient markets to dispose of greatly expanded sugar exports, even at very low prices.

Cuba's foreign exchange reserves, already at an abnormally low level, will go even lower before the proceeds of the coming sugar harvest begin to arrive in January. On taking over as National Bank head, Guevara admitted that a period of austerity may be required. Guevara, now in a position to determine the allocation of foreign exchange, will attempt to shift the pattern of Cuban trade away from dependence on the United States--an objective he considers a requisite to real Cuban independence. He is likely also to promote barter trade in an attempt to conserve exchange.

Foreign Affairs

Castro's basic suspicion of US motives, which he exploits in his demagogic attempts

to mobilize his mass following, strongly suggests that Cuban-US relations are unlikely to improve appreciably as long as he remains in power. It is notable, however, that private American property has not yet been subjected to discriminatory treatment, and agrarian reform appears thus far to have been implemented impartially as regards holdings of foreigners.

On the broader international scene, Cuba served notice at the opening of the UN General Assembly last September that it intends to follow a neutralist policy in the "cold war." By abstaining on the UN moratorium on Chinese representation, Cuba broke the solid Latin American front against admitting Communist China to the UN. There is evidence that "Che" Guevara has become an important influence in the formulation of this "neutralist" foreign policy since his return from a three-month trip last summer to nine Afro-Asian countries and Yugoslavia.

Cuba's efforts to convince other Latin American nations that their interests would be served by joining the Afro-Asian countries in a neutralist bloc have not yet been effective. Other Latin American governments--even that of Venezuela, which materially supported Castro's war on Batista--are alarmed at the course of events. Cuba appears to be seeking its objectives by appealing over the heads of the governments to disaffected elements in several Latin American countries.

The new Cuban-subsidized Latin American news agency, Prensa Latina, has played an active propaganda role in this effort, and the several officially inspired Cuban "revolutionary" missions sent to various Latin American countries have had a frankly propagandistic purpose. The resolution passed at the congress of the Cuban Workers' Confederation

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to found a "revolutionary" Latin American confederation, to name labor attachés to Cuban diplomatic missions abroad, and to send special labor emissaries throughout Latin America to spread the word of the Cuban revolution is a further indication of a stepped-up effort to reach disaffected and extremist labor elements elsewhere in the hemisphere.

In some instances the Cubans have resorted to direct subversion. The revolutionary incursions into Nicaragua and the Dominican Republic last summer were clearly mounted by Cuban officials. The incursions into Panama and Haiti may also have been. More subtle methods were evident in Panama, where Cuban "newsmen" were prominent in organizing and leading the nationalist anti-US demonstrations against the Canal Zone on 28 November.

There is evidence that the Cuban diplomatic mission in El Salvador is financing extremist student leaders in making attacks on the Salvadoran Government and on the United States. Guatemalan ex-President Arevalo, a bitter enemy of the US who retains popular support in his country, is reliably reported to be receiving funds for his political activity from the Cuban Government.

The Sino-Soviet bloc, particularly Communist China, has shown considerable interest in Cuban developments. Moscow views Castro's advent in Cuba as a "turning point" marking "a new stage in the national liberation struggle in Latin America" and has welcomed the opportunities for Soviet exploitation. Several bloc economic missions have visited Cuba, bid on projects, and reportedly offered credits. Cuban economic delegations have been welcomed to bloc countries.

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